

GEORGIA STATE BOARD OF ACCOUNTANCY STATEMENT OF POLICY NO. 5

(For use in administering Rule 20-12-.12 of the Public Accountancy Act of 1977.

Prohibition Against Retention of Client Records

Adopted By The Georgia State Board of Accountancy on September 19, 2001

During the course of a professional engagement, a licensee may have in his possession certain records of his client, or he may have developed certain records without which the Client Records would be incomplete. Retention of Client Records after the client has made a request for them is a violation of Rule 20-12-.12. The licensee does not have a lien on these records in his possession, and they must be returned regardless of the fact that the fee of the licensee may remain unpaid.

For purpose of this Rule, the term "Client Records" refers to those journals, ledgers, bank statements and cancelled checks, copies of invoices and similar documentation of the transactions that are reflected in financial statements. It is anticipated that the client will have retained copies of financial statements, income tax returns, and similar documents.

If a licensee is engaged to perform certain work for a client and the engagement is terminated prior to the completion of such work, the licensee is required to return or furnish copies of only those records originally given to the licensee by the client. Any working papers developed by the licensee incident to the performance of his engagement which do not result in changes to the Client Records or are not in themselves part of the records ordinarily maintained by such client, are considered to be solely "accountant's working papers" and are not the property of the client.

Once the licensee has returned the Client Records to him or furnished him with copies of such records and/or necessary supporting data, he has discharged his obligation in this regard and need not comply with any subsequent requests to again furnish such records. If the licensee has retained in his files copies of Client Records already in possession of the client, the licensee is not required to return such copies to the client.